

MINUTES
BOARD OF SUPERVISORS
COUNTY OF YORK

Adjourned Meeting
January 10, 2006

7:00 p.m.

Meeting Convened. An Adjourned Meeting of the York County Board of Supervisors was called to order at 7:09 p.m., Tuesday, January 10, 2006, in the East Room, York Hall, by Chairman James S. Burgett.

Attendance. The following members of the Board of Supervisors were present: Walter C. Zarembo, Sheila S. Noll, Kenneth L. Bowman, and James S. Burgett.

Thomas G. Shepperd, Jr., was absent.

Also in attendance were James O. McReynolds, County Administrator; and James E. Barnett, County Attorney.

WORK SESSION

JOINT MEETING WITH YORK COUNTY SCHOOL BOARD

School Board Members Present: Mark A. Medford, Chairman; R. Page Minter, Vice Chairman; Barbara S. Hayward; Linda Meadows; and Barrent M. Henry.

Also attending were: Dr. Steven R. Staples, Superintendent; and Dr. James R. Tucker, Assistant Superintendent for Instruction.

Mr. McReynolds indicated that the purpose of the meeting was for the Board and School Board members to receive a briefing on the preliminary outlook for the FY07 budget. He noted it was a reassessment year, and notices were sent out in the last part of December to county property owners. He also noted it was an unusual budget year in that Virginia has an outgoing Governor who has proposed a budget and an incoming Governor who will want to make changes, and it is unclear at this time as to what to expect. Mr. McReynolds stated the numbers are as accurate as they can be at this time, but staff is beginning to get a good handle on what the requests are going to be and is working with the departments and agencies to develop a budget that has the maximum tax rate decrease possible.

Mr. Dennis R. Jarrett, Schools Chief Financial Officer, made a presentation on the revenue outlook for the School Division in FY2007. The revenue assumptions included an enrollment projection of 12,970 students and no increase in impact aid based on the FY2006 proposed Federal budget. He stated that growth was coming to the School Division from non-federal students. He then discussed State revenue, stating that it was a new biennium for the State budget, and the composite index will increase from .3548 to .3749. He also noted there will be an increase in the VRS retirement rate.

Mrs. Carol White, Director of Financial and Management Services, then briefed the two boards on the FY2007 County revenue projections. She stated that economic development countywide continues to bring new business into York County, strengthening the diversity of the County's tax base. A strong general reassessment will result in a reduction of the real estate tax rate. In terms of local revenue, staff is expecting a \$5.9 million to \$6.2 million increase over the 2006 budget; personal property taxes to increase \$1.3 million to \$1.6 million, other local taxes are expected to increase \$2.4 million to \$2.7 million. Other local revenues are projected to stay level with the FY06 budget. On the state side, staff is assuming that state funding levels will be level with the FY06 budget. Transfers for activities such as grounds maintenance and law enforcement should see a slight increase over the FY06 budget. Other revenue should remain level with the 2006 budget. Overall, the County can expect a \$8.1 million to \$10 million increase over last year. She then discussed the employee compensation system, explaining that a benchmarking system is used for the non-licensed (non-teaching) employees, both County and

School Division, through a comparison of pay scales in market areas to maintain competitiveness of the County's pay plan. Based on the benchmarking study, a need for a 2 percent market adjustment has been identified.

Discussion followed on the benchmarking process and what happens to a particular position when it falls far behind the benchmark. The Board asked to be provided a list of the localities with which York County benchmarks its positions.

Mrs. White stated that to maintain the current pay step system will cost about \$700,000, and the market adjustment is about \$600,000. Later in the spring staff will meet with health insurance carrier to formulate the health insurance premiums for next year. The current projection is \$470,000, but staff hopes to see that figure come down. She stated they are looking at how to absorb the increase, but there could be a need for a premium increase. Mrs. White then addressed the VRS rate increase, stating it is a 2.5 percent increase, which equates to \$650,000, although it may change somewhat. The Governor's proposed budget used slightly different actuarial assumptions, and staff is watching the state budget very closely to see what is actually adopted, but expect an increase of some type is expected.

Discussion followed on how other jurisdictions plan to absorb the VRS increase, and it was noted that most jurisdictions in the state opt to pay 100 percent of the cost, and all localities in the Hampton Roads area pay 100 percent.

Mr. Jarrett then reviewed the Licensed Salary Scale and its background information, explaining the pay lanes and the School Board's goal for FY07 in terms of the salary scales. He stated the School Board's long-term goal by July 1 of 2008 was to be in the top third of the comparative market. Then reviewed the cost factors for FY2007 for licensed employees, including the cost of the VRS contribution, step increases, market adjustment, and health insurance, for a total of \$3,909,000. Next he reviewed the school division funding requirements/issues, which included non-licensed compensation, licensed compensation, textbooks, additional teachers, instructional technology, and bus fuel for a total of \$8,345,000. Mr. Jarrett noted this did not include the unknown figures dealing with additional compensation for licensed staff and general price increases.

Mrs. White provided a summary of the funding requirements/issues for the County, which include:

• Personnel Costs	\$2.2 - \$ 2.5 million
• Non-personnel costs	2.0 - 2.5 million
• Contribution to Schools	3.0 - 3.5 million
• Unknown Factors	
▪ New Programs & Personnel	.1 - .5 million
▪ General Price Increases (6%)	.8 - 1.0 million
Estimated Total New Costs	\$8.1 - \$10.0 million

Mrs. White provided the School Division summary, stating that new local revenue was projected to be somewhere between \$3 and \$3.5 million, with no new federal revenue. New State revenue was projected at \$6.9 million. She noted that staff will continue to review budget requests, but it is anticipated that the proposed budget will support a tax rate reduction of \$.10 or more for tax year 2006.

Mr. Minter spoke of the importance of educating the members of Congress on the importance of impact aid.

Mrs. Hayward stated the School Board would be interested in looking at wages and salaries of like positions in the school division versus the County.

Mr. Medford stated the School Board puts a high priority on compensation for its employees, and will always strive for adequate compensation to retain and find the best employees to work in the school division and benefit the County's citizens.

Mr. Henry noted that the School Board held its annual retreat last Saturday, and what was clear to him was that the School Board is doing things in its program that are beyond what an average school division might be doing. He stated the Board of Supervisors is investing in this district in a quality program that exceeds other districts of high quality in the state.

Discussion followed about teacher turnover and retention and the requirement for high needs, specialized teachers. It was noted that the federal government has not held up its part in funding for the specialized teachers, that it only provides about 11-12 percent of the 40 percent of what it is supposed to fund.

Meeting Adjourned. At 8:48 p.m. Chairman Zaremba declared the meeting be adjourned sine die.

James O. McReynolds, Clerk
York County Board of Supervisors

Walter C. Zaremba, Chairman
York County Board of Supervisors